



FRONT STREET GROWTH FUND
A FRONT STREET CAPITAL MUTUAL FUND

Management Report of Fund Performance

and

Interim Financial Statements

June 30, 2009

Interim Management Report of Fund Performance As at June 30, 2009 Front Street Growth Fund (formerly Front Street Small Cap Canadian Fund)

This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim financial statements for Front Street Growth Fund, a Front Street Capital mutual fund, formerly the Front Street Small Cap Canadian Fund (the "Fund"). The interim financials of the Fund are attached behind this report and you can also get a copy of the annual (or interim) financial statements at your request, and at no cost, by calling 1-800-513-2832, by writing to us at Front Street Capital 2004, 33 Yonge Street, Suite 600, Toronto, Ontario M5E 1G4 or by visiting our web site at www.frontstreetcapital.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.

Forward Looking Information

This Management Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Fund. Forward looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

Although the Fund believes it has a reasonable basis for making the forecasts or projections included in this Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific that contributes to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward looking information is not exhaustive, and reference should be made to the other risks discussed in the Fund's filings with Canadian securities regulatory authorities. The forward looking information is given as of the date of this Management Report of Fund Performance, and the Fund undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion of Fund Performance

INVESTMENT OBJECTIVES AND STRATEGIES

The investment objective of the Fund is to seek capital appreciation through investment in equity securities of companies whose product, service or management team Front Street Capital believes can realize value and growth. Front Street Capital may rely on "top down" fundamental research to identify equity securities of companies in a

particular industry or sector, but portfolio diversification will be driven primarily from the Fund's investments, as opposed to targeting sector weights.

Front Street Capital will employ alternative investment strategies, including event-related special situations investing (including, for instance, investment in securities of issuers undergoing or undertaking tenders, mergers and acquisitions, liquidations, spin-offs and recapitalizations) and the purchase of undervalued shares in the equity markets.

From time to time the Fund may use clearing corporation options and listed warrants ("permitted derivatives") as permitted by Canadian securities regulators and consistent with the investment objectives and strategies of the Fund. The Fund may use these permitted derivatives for hedging and non-hedging purposes.

RISK

Most of the Fund's assets will be invested in common shares and other equity securities. The Fund will therefore be subject to stock market risk. The Fund may also invest in foreign securities that may expose the Fund, to a limited extent, to the risk of investments in foreign securities and foreign currency risk. The Fund may invest in relatively illiquid securities that may expose the Fund to liquidity risk. The Fund may also be exposed to sector risk due to its investments being concentrated in a limited number of sectors. The Fund may also be exposed to the risks of selling securities short, the risks of investing in derivatives, and the risk associated with investing in securities of junior industrial, technology and natural resource companies.

Currency risk proved to have an effect on the Fund's returns, as the Canadian dollar traded in a wide range relative to the U.S. dollar, over the year. Currency risk impacted principally the Fund's investments, which had revenue in U.S. dollars. Volatility in currency markets appears to be high, suggesting uncertainty going forward on this front.

Equity risk also affected the Fund as market volatility reached all time highs. Fears of a global recession sent commodities and markets significantly lower. Investors will need to gain confidence in an economic recovery before they return in large numbers to the equity markets. As well, stock liquidity became a concern with large capitalization stocks vastly outperforming smaller caps.

Interest rate risk was also a factor, as central banks around the world slashed interest rates in an attempt to slow down the economic downturn. Easy monetary policy combined with the massive amounts of fiscal stimulus being injected into the global economy may lead to strong inflationary pressures down the road.

Credit risk was a factor this year. After significantly curtailing lending in 2008, banks began lending again, albeit at much higher costs to borrowers. Both investment grade and non-investment grade corporate bond markets have seen spreads over treasuries come in from record-wide levels in 2008. Spreads remain elevated, reflecting ongoing default risk. As higher borrowing costs tend to slow the economy, higher borrowing costs tend to have a negative impact on the outlook for corporate profit growth and, therefore, equity market performance.

Economic risk has also impacted the holdings of the Fund. With the length and severity of the current recession, the outlook for corporate profits clouds, including concerns over issuers ability to pay back debt.

The Fund has multiple risks associated with equity markets. The Fund is a suitable investment for investors or portfolios seeking capital appreciation as an important objective, a medium tolerance for risk and volatility, with the expectation of long-term returns.

RESULTS OF OPERATIONS

The Fund's investment advisor continued to focus on long-term capital appreciation for the portfolio during late 2008 and the first half of 2009. After suffering with the sell-off in global equity markets in 2008, the Fund benefited from a recovery in resource markets at the start of this year. Energy and base metal stocks, in particular, performed strongly as commodities rose on buying out of China and early signs of an economic recovery elsewhere in the world.

RECENT DEVELOPMENTS

The Fund anticipates that volatility will continue in the equity markets for the foreseeable future. The perception exists that inventory levels are tight in most commodity groups leading to an inability to cushion any shocks to the system. This reality, coupled with a changing interest rate environment, has led to steady economic growth, albeit at higher commodity price levels. Credit concerns and high leverage in the U.S. have had an impact capital markets and we will continue to monitor this closely.

RELATED PARTY-TRANSACTIONS

Front Street Capital (“FSC”) provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including providing or arranging the provision of investment advice, establishment of brokerage arrangements relating to the purchase and sale of the investment portfolio, and bookkeeping, record-keeping and other administrative services for the Fund.

The Fund’s portfolio advisor (the “Portfolio Advisor”) is Front Street Investment Management, Inc. (“FSIMI”). FSIMI is an affiliate of FSC and has entered into a Sub-Advisory Agreement to provide advisory services to the Fund.

As a result of providing investment advisory and management services, FSC receives a monthly management fee, based on the average net assets of each Series, calculated daily and payable monthly.

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of FSC, provided it determines that these affiliates’ trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution-only basis. For the six months ended June 30, 2009, Tuscarora Capital Inc. received \$1,964 (2008 - \$28,870) in commission on portfolio transactions for the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five financial years. This information is derived from the Fund's audited financial statements and for the interim financial statements for the first six months of 2009.

Series A The Fund's Net Assets per Unit ⁽¹⁾	June 30 2009	December 31 2008	December 31 2007	December 31 2006	December 31 2005
Net assets, beginning of the period	\$ 3.05	\$ 6.56	\$ 6.70	\$ 5.98	\$ 4.18
Increase (decrease) from operations:					
Total revenue	0.02	0.05	0.09	0.08	0.01
Total expenses	(0.05)	(0.24)	(0.19)	(0.27)	(0.11)
Realized gains (losses) for the period	(0.14)	(0.38)	0.10	1.00	0.27
Unrealized gains (losses) for the period	1.65	(3.19)	(0.13)	0.38	0.30
Total increase (decrease) from operations ⁽²⁾	1.48	(3.76)	(0.13)	1.19	0.47
Distributions to Shareholders:					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	(0.52)	(0.18)
Return of capital	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	(0.52)	(0.18)
Net assets, end of the period	\$ 4.54	\$ 3.05	\$ 6.56	\$ 6.70	\$ 5.98

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differ from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements]
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	57,789	38,871	79,877	81,531	36,460
Number of units outstanding ⁽¹⁾	12,653,665	12,625,181	12,097,480	12,168,022	6,099,596
Management expense ratio ⁽²⁾	2.53%	4.20%	2.73%	4.10%	8.53%
Management expense ratio before waivers or absorptions	2.53%	4.20%	2.73%	4.10%	8.53%
Trading expense ratio ⁽³⁾	0.40%	0.34%	0.26%	0.33%	0.57%
Portfolio turnover rate ⁽⁴⁾	33.35%	65.94%	56.05	66.03%	59.30%
Net asset value per unit	\$ 4.57	\$ 3.08	\$ 6.60	\$ 6.70	\$ 5.98

- (1) This information is provided as at end of the period shown
- (2) Management expense ratio is based on total expenses (excluding commissions and other transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessary a relationship between a high turnover rate and the performance of a fund.

Series B
The Fund's Net Assets per Unit ⁽¹⁾

	June 30 2009	December 31 2008	December 31 2007	December 31 2006	December 31 2005
Net assets, beginning of the period	\$ 3.05	\$ 6.56	\$ 6.70	\$ 5.98	\$ 4.18
Increase (decrease) from operations:					
Total revenue	0.02	0.05	0.09	0.08	0.02
Total expenses	(0.05)	(0.24)	(0.19)	(0.27)	(0.30)
Realized gains (losses) for the period	(0.14)	(0.39)	0.20	1.04	0.74
Unrealized gains (losses) for the period	1.67	(2.94)	(0.18)	0.26	0.82
Total increase (decrease) from operations ⁽²⁾	1.50	(3.52)	(0.08)	1.11	1.28
Distributions to Shareholders:					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	(0.52)	(0.18)
Return of capital	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	(0.52)	(0.18)
Net assets, end of the period	\$ 4.54	\$ 3.05	\$ 6.56	\$ 6.70	\$ 5.98

(1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differ from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements]

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	83,031	53,203	125,183	158,841	99,387
Number of units outstanding ⁽¹⁾	18,180,592	17,279,941	19,070,322	23,704,773	16,626,989
Management expense ratio ⁽²⁾	2.52%	4.15%	2.73%	4.10%	8.53%
Management expense ratio before waivers or absorptions	2.52%	4.15%	2.73%	4.10%	8.53%
Trading expense ratio ⁽⁵⁾	0.40%	0.34%	0.26%	0.33%	0.57%
Portfolio turnover rate ⁽⁴⁾	33.35%	65.94%	56.05%	66.03%	59.30%
Net asset value per unit	\$ 4.57	\$ 3.08	\$ 6.60	\$ 6.70	\$ 5.98

(1) This information is provided as at end of the period shown

(2) Management expense ratio is based on total expenses (excluding commissions and other transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

Series F

The Fund's Net Assets per Unit ⁽¹⁾	June 30 2009	December 31 2008	December 31 2007	December 31 2006	December 31 2005
Net assets, beginning of the period	\$ 3.15	\$ 6.72	\$ 6.80	\$ 5.97	\$ 4.18
Increase (decrease) from operations:					
Total revenue	0.02	0.05	0.09	0.08	—
Total expenses	(0.05)	(0.25)	(0.13)	(0.20)	(0.01)
Realized gains (losses) for the period	(0.14)	(0.40)	0.06	0.97	0.02
Unrealized gains (losses) for the period	1.69	(3.39)	(0.12)	0.17	0.02
Total increase (decrease) from operations ⁽²⁾	1.52	(3.99)	(0.10)	1.02	0.03
Distributions to Shareholders:					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	(0.48)	(0.20)
Return of capital	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	(0.48)	(0.20)
Net assets, end of the period	\$ 4.69	\$ 3.15	\$ 6.72	\$ 6.80	\$ 5.97

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differ from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements]
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	7,373	4,713	13,553	9,087	2,582
Number of units outstanding ⁽¹⁾	1,561,397	1,480,689	2,006,235	1,337,207	477,382
Management expense ratio ⁽²⁾	2.52%	4.10%	1.89%	2.97%	7.63%
Management expense ratio before waivers or absorptions	2.52%	4.10%	1.89%	2.97%	7.63%
Trading expense ratio ⁽³⁾	0.40%	0.34%	0.26%	0.33%	0.57%
Portfolio turnover rate ⁽⁴⁾	33.35%	65.94%	56.05%	66.03%	59.30%
Net asset value per unit	\$ 4.72	\$ 3.18	\$ 6.76	\$ 6.80	\$ 5.97

- (1) This information is provided as at end of the period shown
- (2) Management expense ratio is based on total expenses (excluding commissions and other transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

MANAGEMENT AND PERFORMANCE FEES

Until April 2005, the Fund paid FSIMI a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears. Commencing in May 2005, the Fund began to pay FSIMI a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears for series A and B shares; the Fund commenced paying FSIMI a monthly management fee equal to 1/12 of 1% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears for Series F shares.

The Fund uses the management fees to pay for sales and trailing commissions to registered dealers.

	Series A	Series B	Series F
Annual Rates	2.00%	2.00%	1.00%
As a percentage of management fees			
Dealer Compensation	25%	50%	-
Investment management, admin & other	75%	50%	100%

The manager is also entitled to a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding calendar quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the S&P/TSX Composite Index (the “Benchmark”) over the same period. The fee will be equal to this excess return per security multiplied by the number of securities outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per security of the Fund (including distributions) is greater than all previous values at the end of each previous calendar quarter. The starting reference point for the next calendar quarter’s calculation will be based on the higher of either the Benchmark performance adjusted net asset value per security or the adjusted actual net asset value per security, both with respect to the previous quarter in which a performance fee was payable.

PAST PERFORMANCE

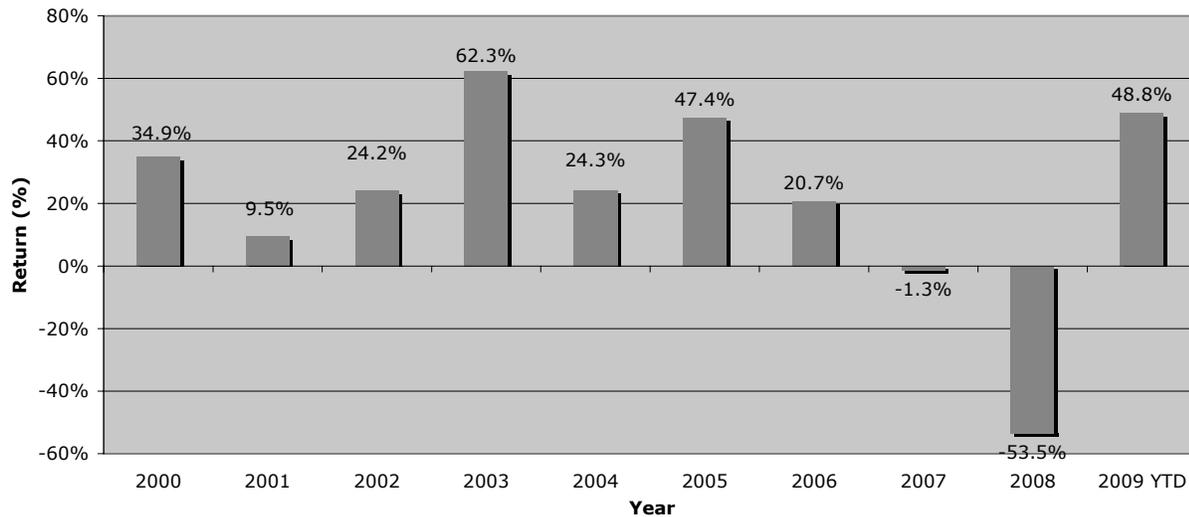
The past performance of the Fund is set out below and includes year-by-year returns and annual compound returns.

With respect to the charts displayed below, please note the following:

- (a) the returns or performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional shares of the Fund;
- (b) the return or performance information does not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance; and
- (c) how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

YEAR-BY-YEAR RETURNS

Year-by-Year Returns



ANNUAL COMPOUND RETURNS

The following table shows the Fund's historical annual compound total return for the past 10, five, three and year-to-date periods, as compared to the performance of the S&P/TSX Composite Index.

	Past 10 Years	Past 5 Years	Past 3 Years	Year-to-date
Front Street Growth Fund ⁽¹⁾	15.0%	8.7%	-8.5%	48.8%
S&P/TSX Composite Index	0.3%	0.3%	-0.3%	15.4%

(1) Prior to July 23, 1999, the advisor to the Fund was MOF Management Ltd. On June 20, 2008, the Fund's name was changed from Front Street Small Cap Canadian Fund to Front Street Growth Fund.

The S&P/TSX Composite Index is a float market capitalization that tracks the performance of some of the largest and most widely held Canadian stocks listed on the Toronto Stock Exchange (TSX). Prior to May 1, 2002, this index was called the TSE 300 Composite Index.

Summary of Investment Portfolio as at June 30, 2009
Portfolio by Category

	Percentage of Transactional Net Asset Value
LONG POSITIONS	
Energy	48.6%
Materials	41.0%
Cash and cash equivalents	5.8%
Australia	2.9%
Financials	2.7%
Industrials	1.8%
SHORT POSITIONS	
Energy	-0.3%
Other assets less liabilities	-2.5%
	100.0%

Top 25 Holdings

	Percentage of Transactional Net Asset Value
LONG POSITIONS	
Petrobank Energy and Resources Limited	6.4%
Pacific Rubiales Energy Corporation	6.4%
Lundin Mining Corporation	5.3%
Bankers Petroleum Limited	5.3%
Progress Energy Resources Corporation	3.8%
Pristine Power Inc.	3.7%
Franco-Nevada Corporation	3.4%
Petro-Canada	3.3%
Uranium Participation Corporation	3.3%
Silver Wheaton Corporation	3.2%
Wave Energy Limited Restricted	2.9%
Western Areas NL	2.9%
Crew Energy Inc.	2.9%
First Quantum Minerals Limited	2.8%
Sherritt International Corporation	2.8%
Epsilon Energy Limited	2.4%
Trican Well Service Limited	2.2%
Thompson Creek Metals Limited	2.0%
FNX Mining Company Inc.	2.0%
West Energy Limited	2.0%
Osisko Mining Corporation	1.8%
Baytex Energy Trust	1.8%
Crescent Point Energy Trust	1.8%
Daylight Resources Trust	1.7%
East Asia Minerals Corporation	1.7%
	77.8%
TOTAL TRANSACTIONAL NET ASSET VALUE (000)	\$148,194

The information contained in the foregoing list may change due to the ongoing portfolio transactions of the Fund.
 A quarterly update may be obtained by contacting FSC.



Interim Financial Statements of

FRONT STREET GROWTH FUND

(Unaudited)

For the six months ended June 30, 2009

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund in accordance with standards established by the Canadian Institute of Chartered Accountants. The external auditors will be auditing the annual financial statements of the Fund for the year ending December 31, 2009, in accordance with Canadian generally accepted auditing standards.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)
STATEMENTS OF NET ASSETS
AS AT JUNE 30, 2009 (UNAUDITED) AND DECEMBER 31, 2008

	2009	2008
ASSETS		
Investments, at fair value (cost - \$156,127,569: 2008 - \$160,167,505)	\$ 142,666,892	\$ 93,988,182
Cash and cash equivalents	9,523,258	2,406,745
Accounts receivable relating to units issued	653,994	232,749
Accounts receivable relating to accrued income	201,787	167,953
	<u>153,045,931</u>	<u>96,795,629</u>
LIABILITIES		
Obligation from portfolio assets sold short, at fair value	485,460	394,400
Accounts payable and accrued liabilities	475,443	393,241
Liabilities for portfolio assets purchased	4,248,000	—
Accounts payable relating to units redeemed	564,501	148,784
Futures contracts, at fair value, note 10	101,087	—
	<u>5,874,491</u>	<u>936,425</u>
Net assets, representing shareholders' equity	<u>\$ 147,171,440</u>	<u>\$ 95,859,204</u>
Net assets applicable to outstanding units allocated as follows:		
Net assets, Series A	\$ 57,390,439	\$ 38,498,224
Units outstanding, Series A, note 3	12,653,665	12,625,181
Net assets per share, Series A	<u>4.54</u>	<u>3.05</u>
Net assets, Series B	\$ 82,458,174	\$ 52,691,762
Units outstanding, Series B, note 3	18,180,592	17,279,941
Net assets per share, Series B	<u>4.54</u>	<u>3.05</u>
Net assets, Series F	\$ 7,322,827	\$ 4,669,218
Units outstanding, Series F, note 3	1,561,397	1,480,689
Net assets per share, Series F	<u>4.69</u>	<u>3.15</u>

Approved on behalf of the Board of Front Street Capital 2004, The Manager:



Gary P. Selke
Management Committee Member



Normand G. Lamarche
Management Committee Member

See accompanying notes to financial statements

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)
STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30

	2009	2008
Investment income		
Dividends	\$ 577,113	\$ 338,253
Interest	5,398	554,919
Less: foreign withholding taxes	(2,822)	(6,628)
	<u>579,689</u>	<u>886,544</u>
Expenses		
Management fees, note 4	1,219,336	2,433,415
Administration fees	173,218	141,010
Audit fees	23,500	17,405
Security holder reporting costs	14,877	27,902
Legal fees	14,877	17,405
Independent Review Committee	13,436	—
Performance fees, note 4	—	2,921,324
Custodial fees	—	340,131
Trustees' fees	4,959	7,472
Other fees	—	8,290
	<u>1,464,203</u>	<u>5,914,354</u>
Net investment lost for the year	<u>(884,514)</u>	<u>(5,027,810)</u>
Net realized and unrealized gains (losses) on investments		
Net realized gain (loss) on sale of investments	(4,189,367)	20,194,649
Loss from derivatives	(101,089)	-
Transaction costs, note 5	(230,105)	(406,768)
Change in the unrealized appreciation of the value of investments	52,652,711	33,775,617
Net gain on investments for the period	<u>48,132,150</u>	<u>53,563,498</u>
Net increase in net assets from operations for the period	<u>\$ 47,247,636</u>	<u>\$ 48,535,688</u>
Increase in net assets from operations applicable to outstanding shares allocated as follows:		
Increase in net assets from operations, Series A	\$ 18,553,066	\$ 17,964,971
Increase in net assets from operations per share, Series A	<u>\$ 1.48</u>	<u>\$ 1.49</u>
Increase in net assets from operations, Series B	\$ 26,354,822	\$ 27,420,372
Increase in net assets from operations per share, Series B	<u>\$ 1.50</u>	<u>\$ 1.49</u>
Increase in net assets from operations, Series F	\$ 2,339,748	\$ 3,150,345
Increase in net assets from operations per share, Series F	<u>\$ 1.52</u>	<u>\$ 1.56</u>

See accompanying notes to financial statements

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED JUNE 30

	2009	2008
Series A		
Net assets, beginning of period	\$ 38,498,224	\$ 79,411,486
Net increase in net assets from operations	18,553,066	17,964,971
Unitholder transactions		
Capital contributions	3,901,211	11,996,953
Redemption	(3,562,062)	(6,458,055)
Net transfer of units to other fund	—	(341,266)
	<u>339,149</u>	<u>5,197,632</u>
Net increase in net assets for the period	<u>18,892,215</u>	<u>23,162,603</u>
Net assets, end of period	<u>\$ 57,390,439</u>	<u>\$ 102,574,089</u>
Series B		
Net assets, beginning of period	\$ 52,691,762	\$ 125,183,315
Net increase in net assets from operations	26,354,822	27,420,372
Unitholder transactions		
Capital contributions	9,850,299	11,764,416
Redemption	(6,438,709)	(15,324,516)
Net transfer of units to other fund	—	(21,890)
	<u>3,411,590</u>	<u>(3,581,990)</u>
Net increase in net assets for the period	<u>29,766,412</u>	<u>23,838,382</u>
Net assets, end of period	<u>\$ 82,458,174</u>	<u>\$ 149,021,697</u>

See accompanying notes to financial statements

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED JUNE 30

	2009	2008
Series F		
Net assets, beginning of period	\$ <u>4,669,218</u>	\$ <u>13,473,230</u>
Net increase in net assets from operations	<u>2,339,748</u>	<u>3,150,345</u>
Unitholder transactions		
Capital contributions	1,557,049	1,866,406
Redemption	(1,243,188)	(1,156,506)
Net transfer of units from other fund	—	208,141
	<u>313,861</u>	<u>918,041</u>
Net increase in net assets for the period	<u>2,653,609</u>	<u>4,068,386</u>
Net assets, end of period	<u>\$ 7,322,827</u>	<u>\$ 17,541,616</u>
Total		
Net assets, beginning of period	\$ <u>95,859,204</u>	\$ <u>218,068,031</u>
Net increase in net assets from operations	<u>47,247,636</u>	<u>48,535,688</u>
Unitholder transactions		
Capital contributions	15,308,559	25,627,775
Redemption	(11,243,959)	(22,939,077)
Net transfer of units from other fund	—	(155,015)
	<u>4,064,600</u>	<u>2,533,683</u>
Net increase in net assets for the period	<u>51,312,236</u>	<u>51,069,371</u>
Net assets, end of period	<u>\$ 147,171,440</u>	<u>\$ 269,137,402</u>

See accompanying notes to financial statements

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)
STATEMENT OF INVESTMENT PORTFOLIO
AS AT JUNE 30, 2009

	Number of Shares/ Units	Cost \$	Market Value \$
Long positions (96.9%)			
Domestic (94.0%)			
Energy (48.5%)			
Bankers Petroleum Limited	3,947,666	\$ 7,137,376	\$ 7,737,423
Bankers Petroleum Limited Warrants	250,000	300,000	165,000
Baytex Energy Trust	136,050	2,650,806	2,655,696
BNK Petroleum Inc.	588,650	432,089	217,801
Calfrac Well Services Limited	90,000	1,507,550	1,091,700
Canadian Natural Resources Limited	25,000	1,235,710	1,528,500
Crescent Point Energy Trust	75,600	1,500,000	2,591,568
Crew Energy Inc.	817,650	7,062,403	4,251,780
Daylight Resources Trust	350,000	2,450,000	2,579,500
Enterprise Energy Resources Limited	216,844	848,695	41,200
Epsilon Energy Limited	2,744,325	2,873,920	3,348,077
Galleon Energy Inc.	200,000	960,000	842,000
Gas-Frac Energy Services Inc.	300,000	960,500	960,000
Laricina Energy Limited	40,000	500,000	600,000
Mahalo Energy Limited	1,984,600	699,572	29,769
Pacific Rubiales Energy Corporation. Warrants	625,000	-	2,287,500
Paramount Resources Limited	185,000	2,842,204	1,097,050
Petrobank Energy and Resources Limited	280,095	12,602,078	9,461,609
Petro-Canada	110,000	4,024,900	4,932,400
Petrodex Inc. Special Warrants	3,750,000	759,375	187,500
Pristine Power Inc.	2,500,000	10,000,000	5,500,000
Progress Energy Resources Corporation	549,625	6,934,393	5,545,716
Suncor Energy Inc.	38,000	1,018,988	1,343,300
Trican Well Service Limited	321,600	5,146,392	3,199,920
Trilliant Inc.	671,939	488,570	403,163
UEX Corporation	757,500	2,959,413	969,600
Ur-Energy Inc.	400,000	337,600	356,000
Wave Energy Limited Restricted	1,675,000	3,582,409	4,355,000
West Energy Limited	1,376,200	3,230,783	2,848,734
Zongshen Pem Power Systems Inc.	250,000	765,000	250,000
		<u>85,810,726</u>	<u>71,377,506</u>
Materials (41.0%)			
Blackstone Ventures Inc.	3,103,181	\$ 1,294,806	\$ 465,477
CBR Gold Corporation	540,000	135,675	164,700
East Asia Minerals Corporation	3,050,000	763,263	2,440,000
FNX Mining Company Inc.	365,600	2,203,440	2,928,456
First Quantum Minerals Limited	74,700	2,763,900	4,186,935
Franco-Nevada Corporation	180,000	2,734,800	5,029,200
Full Metal Minerals Limited	1,047,500	1,215,500	246,163

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)
STATEMENT OF INVESTMENT PORTFOLIO
AS AT JUNE 30, 2009

	Number of Shares/ Units	Cost \$	Market Value \$
Materials (41.0%) (continued)			
Genco Resources Limited	500,000	210,250	160,000
Goldcorp Inc.	50,063	1,117,529	2,019,041
Hanwei Energy Services Corporation	764,100	3,824,486	1,069,740
Lundin Mining Corporation	2,349,116	11,738,649	7,775,574
Mansfield Minerals Inc.	1,459,700	452,507	707,955
Minefinders Corporation Limited	190,300	1,636,650	1,531,915
Nevsun Resources Limited	322,300	132,304	438,328
Osisko Mining Corporation	418,000	1,851,740	2,737,900
Pachamama Resources Limited	1,459,700	102,179	211,657
Pacific Rubiales Energy Corporation	746,442	4,332,932	7,091,199
Peregrine Diamonds Limited	1,578,361	981,938	1,183,771
Peregrine Diamonds Limited Warrants	98,647	-	17,179
Quadra Mining Limited	200,000	732,220	1,746,000
Revelt Minerals Inc.	4,015,800	422,161	461,817
Sherritt International Corporation	795,989	5,551,190	4,139,143
Silver Wheaton Corporation	347,420	3,691,663	3,328,284
Silver Wheaton Corporation Warrant	1,250,000	-	1,375,000
Thompson Creek Metals Limited	250,000	1,114,802	2,970,000
Uranium Participation Corporation	650,000	6,291,023	4,797,000
Uranium Power Corporation	3,641,000	724,418	746,405
Zazu Metals Corporation	863,323	52,231	211,514
Zincore Metals Inc.	1,651,500	49,958	123,863
		<u>56,122,214</u>	<u>60,304,216</u>
Industrial (1.8%)			
Mullen Group Limited	100,000	\$ 2,210,182	\$ 1,252,000
North West Upgrading Inc.	2,372,500	4,139,613	1,423,500
		<u>6,349,795</u>	<u>2,675,500</u>
Financials Services (2.7%)			
Gluskin Sheff + Associates Inc.	75,000	\$ 1,387,500	\$ 1,204,500
GMP Capital Trust	225,000	1,367,172	2,306,250
Sprott Inc.	78,000	697,082	239,460
Sprott Resource Corporation	78,000	145,080	239,460
		<u>3,596,834</u>	<u>3,989,670</u>
Total Domestic		<u>\$ 151,879,569</u>	<u>\$ 138,346,892</u>

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)
STATEMENT OF INVESTMENT PORTFOLIO
AS AT JUNE 30, 2009

	Number of Shares/ Units	Cost \$	Market Value \$
Global (2.9%)			
Australia (2.9%)			
Western Areas NL	800,000	\$ 4,248,000	\$ 4,320,000
Total Global		<u>\$ 4,248,000</u>	<u>\$ 4,320,000</u>
Total Long Positions		<u>\$ 156,127,569</u>	<u>\$ 142,666,892</u>
Short Position (-0.4%)			
Energy (-0.3)			
iShares Canadian S&P/TSX Capped Energy Index Fund	-29,000	\$ (769,153)	\$ (485,460)
Commodity Futures (0.1%)			
Natural Gas Futures, October 2010 (USD) at USD \$ Contract value \$	26	-	50,490
Natural Gas Futures, October 2009 (USD) at USD \$ Contract value \$	(96)	-	(151,577)
		<u>\$ -</u>	<u>\$ (101,087)</u>
Total Short Position		<u>\$ (769,153)</u>	<u>\$ (586,547)</u>
Transaction costs		<u>\$ (341,410)</u>	—
Total Investments (96.5%)		<u>\$ 155,017,006</u>	142,080,345
Cash and Cash equivalents (5.9%)			9,523,258
Other assets less liabilities (-2.4%)			<u>(4,432,163)</u>
Net assets			<u>\$ 147,171,440</u>

See accompanying notes to financial statements.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. THE FUND

Front Street Growth Fund (formerly Front Street Small Cap Canadian Fund) (the "Fund") changed its name pursuant to a special resolution of the Fund passed on June 20, 2008. The Fund is an open-ended mutual fund trust which was created under the laws of the Province of British Columbia on July 26, 1985.

The Fund is managed by Front Street Capital 2004 (the "Manager"). Front Street Investment Management Inc. (the "Investment Advisor") has been retained by the Manager, on behalf of the Fund, to provide investment advisory and portfolio management services to the Fund. RBC Dexia Investor Services Trust is the trustee (the "Trustee") and custodian of the Fund. Citigroup Fund Services Canada, Inc. replaced RBC Dexia Investor Services Trust to provide shareholder recordkeeping services effective August 22, 2008. Citigroup Fund Services Canada, Inc. replaced Felcom Data Services Inc. to provide fund accounting services effective September 26, 2008.

The Fund's principal investment objective is to achieve above-average performance through investment in the equity securities of a diversified group of publicly traded companies, using a top-down/bottom-up approach to achieve capital appreciation.

The Fund is not a mutual fund for securities law purposes. As a result, certain of the protection provided to investors in mutual funds under such laws are not available to investors in the units.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies followed by the Fund:

a) Financial instruments

The Fund has adopted CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement. Investments, at fair value and obligations from portfolio assets sold short, at fair value are classified as held for trading. Accounts receivable relating to units issued and amounts receivable relating to accrued income are classified as loans and receivables. Accounts payable and accrued liabilities, accounts payable relating to units redeemed and liabilities for portfolio assets purchased have been classified as other financial liabilities.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

a) Financial instruments (Continued...)

In addition, this section establishes standards for the valuation of financial instruments, including the Fund's investments, and the accounting treatment for transaction costs. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for short securities. Prior to the implementation of this new standard, the fair value was based on the last traded price for the day, when available. Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new standard, these costs were added to the cost of the securities purchased or deducted from the proceeds of sale. The cost of individual investments in the Statement of Investment Portfolio are recorded at total cost including transaction costs.

In June 2008, the Canadian Securities Administrators adopted changes to National Instrument 81-106 on Investment Fund Continuous Disclosure. These changes are essentially aimed at modifying the requirements pertaining to the calculation of the unit value due to the inclusion of Section 3855, Financial Instruments - Recognition and Measurement of the CICA Handbook. These changes allow the Fund to report two distinct net asset values: one for the financial statements, which is calculated in accordance with Canadian GAAP (called "net assets") and another for all other purposes, such as unit pricing (called "net asset value"). A reconciliation between the net assets per unit and the net asset value per unit is required (see note 9) as well as description of the differences between the valuation principles and practices used by the Manager to calculate the net asset value and those prescribed by Canadian GAAP.

b) Valuation of investments

i) Investments listed on an exchange are valued at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. The difference between this amount and cost is shown as the change in the unrealized appreciation (depreciation) of the value of investments. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques to be used in the determination of fair value. When current market prices or quotations are not readily available, valuations are established using specific procedures in order to estimate what the fair value would be, in an arms length transaction, motivated by normal business considerations. Valuation techniques principally include the use of the last publicly traded price, the issuance price of securities at the date of the most recent financing of the entity or a price established by the Manager in accordance with its fair value policy.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

b) Valuation of investments (Continued...)

- ii) Investments which are restricted as to transferability are valued at the fair value of the unrestricted investment as provided in paragraph (i) above less a discount of 2% per month up to four months.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been established had a ready market existed for investments.

- iii) Trust units are valued at the bid price reported by the principal securities exchange in which the issue is traded on the financial statement date. The cost of the trust units is reduced on an annual basis by distributions from the trust and increased by annual income allocated to the units by the trust.
- iv) Investments in mutual funds or pooled funds are valued based on the net asset value per unit at the close of trading on the financial statement date.
- v) The Fund may make short sales whereby a security that it does not own is sold in anticipation of decline in the fair value of the security. Securities which are sold short are valued at the last ask price reported by the principal securities exchange on which the issue is traded on the financial statement date. To enter a short sale, the Fund may need to borrow the security for delivery to the buyer.

While the transaction is open, the Fund will also incur a liability for any paid dividends or interest which are due to the lender of the security.

c) Transaction costs

In accordance with Section 3855, portfolio transaction costs are expensed and are included in "Transaction costs" in the Statement of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges. The individual security's cost shown on the Statement of Investment Portfolio includes only those transaction costs incurred on the acquisition of portfolio investments. Prior to the adoption of Section 3855, transaction costs were capitalized and included in the cost of purchase or proceeds from sale of investments. The impact on the net assets of the investment fund is the same regardless of which accounting method is utilized.

d) Cash and cash equivalents

Cash and cash equivalents consist of cash balances with banks and highly liquid short-term investments with original terms to maturity of less than three months.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

e) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Gains and losses from such transactions are calculated using the weighted average cost of the securities on disposition.

Interest income is recorded on an accrual basis. Dividend income is recorded on the ex dividend date.

f) Income taxes

The Fund presently qualifies as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is not taxed on that portion of its taxable income that is paid or allocated to unitholders. The Fund allocates to its unitholders sufficient net income and net realized capital gains so that it will not be subject to income taxes. Foreign income received is subject to foreign withholding taxes.

g) Foreign currency translation

Income, expenses and investment transactions in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the dates of such transactions. Assets and liabilities in foreign currencies are translated into Canadian dollars at the closing exchange rates on each valuation date.

h) Earnings (loss) per unit

Earnings (loss) per unit are based on the increase (decrease) in net assets from operations attributable to each series of units divided by the weighted average number of units outstanding of that series during the year.

i) Net assets per unit

The net assets per unit is calculated by dividing the net assets of a series of units by the total number of units of the series outstanding at the end of the year.

j) Capital disclosures

The Fund has adopted CICA Handbook Section 1535, Capital Disclosures, which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non compliance. See note 11 for additional details.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

k) Financial instruments disclosure and presentation

The Fund has adopted CICA Handbook Sections 3862, Financial Instruments Disclosures and 3863, Financial Instruments - Presentation, which have replaced Section 3861, Financial Instruments - Disclosure and Presentation. These new standards place increased emphasis on disclosures with respect to the nature and extent of risks arising from financial instruments and how the Fund has managed those risks. See note 10 for additional details.

These changes have no impact on the net assets, results of operations or changes in net assets of the Fund.

l) General standards on financial statement presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern.

The Manager of the Fund has made this assessment and concluded that there are currently no material uncertainties that cast doubt of the Fund's ability to continue as a going concern.

m) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

n) Future accounting pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, which have a potential implication for the Fund, are as follows:

International financial reporting standards

In February 2008, the CICA announced that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented publicly accountable enterprises. The change will be effective for fiscal years commencing on or after January 1, 2011.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that the Net Assets or Net Asset Value per share will be impacted by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Fund's financial statements will result in additional disclosures and potentially different presentation of shareholder interests and certain other items.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

3. SHARES ISSUED AND OUTSTANDING

The Fund is authorized to issue an unlimited number of units which are available in three series and which rank equally in all respects and represent a pro rata interest in the net assets of the Fund. Redemption and commission fees vary according to each series of unit as follows:

Series A units

Redemption fees payable to the Manager may be applicable upon the sale of shares of this series based on the original cost amount and the time to disposition. A redemption fee of 5% applies to units of this series sold within the first year following acquisition. A redemption fee of 3% applies to units of this series sold within the second year following acquisition. A redemption fee of 1.5% applies to units of this series sold within the third year following acquisition. No redemption fee applies to units of this series sold after the third year following acquisition.

Series B units

Commission fees payable to brokers, dealers or advisors may be applicable upon the purchase of shares of this series up to 5% of the gross purchase amount, at the discretion of the broker, dealer or advisor.

Series F units

No redemption or commission fees are applicable to units of this series.

The Fund allocates income and expenses, and realized and unrealized capital gains and losses to each class of shares outstanding based on the average class allocation for the year.

The following share transactions took place during the six months period ended June 30:

	2009	2008
Shares outstanding, beginning of the period:		
Series A	12,625,181	12,097,480
Series B	17,279,941	19,070,322
Series F	1,480,689	2,006,235
Shares issued during the period:		
Series A	994,787	1,578,102
Series B	2,660,982	1,625,320
Series F	390,714	275,726
Shares redeemed during the period:		
Series A	966,303	943,177
Series B	1,760,331	2,197,749
Series F	310,006	159,838
Shares outstanding, end of the period:		
Series A	12,653,665	12,732,405
Series B	18,180,592	18,497,893
Series F	1,561,397	2,122,123

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

4. MANAGEMENT AND PERFORMANCE FEES

The Fund pays a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month in arrears for series A and B units and the Fund pays the Investment Advisor a monthly management fee equal to 1/12 of 1% of the net asset value of the Fund calculated and paid at the end of each month in arrears for series F units.

The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are legal and accounting fees, printing expenses, reporting issuer filing and sustaining fees, custodial fees, fees payable to, and expenses incurred by, the Fund's Independent Review Committee and expenses of making distributions to unitholders. As the Fund has more than one series of units, the unitholders of each series bear their pro rata share of those expenses which are common to the operation of all series, as well as those expenses which are attributable solely to that series.

The Fund pays a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding calendar quarter or quarters since a performance fee was last payable exceed the percentage gain or loss of the benchmark (the "Benchmark") over the same period. The Benchmark for the Fund is the S&P/TSX Composite Index. The fee is equal to this excess return per unit multiplied by the number of units outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per unit of the Fund (including distributions) is greater than all previous values at the end of each previous calendar quarter. The starting reference point for the next calendar quarter's calculation will be based on the higher of either the Benchmark performance adjusted net asset value per unit or the adjusted actual net asset value per unit, both with respect to the previous quarter in which a performance fee was payable.

5. TRANSACTION COSTS

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended June 30, 2009 was \$230,105 (2008 - \$406,708).

6. RELATED PARTY TRANSACTIONS

Management fees of \$1,219,336 (2008 - \$2,587,430) were paid to the Investment Advisor, a company under common control to the Manager, during the period (see note 4). Performance fees of \$Nil (2008 - \$2,921,324) were also paid to the Investment Advisor during the year (see note 4). Included in accrued expenses are \$283,051 (2008- \$449,144) of management fees payable to the Investment Advisor.

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of the Manager provided it determines that these affiliates' trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution only basis. During the period ended June 30, 2009, Tuscarora Capital Inc., a company under common control to the Manager, received \$1,964 (2008- \$25,316) in commissions on portfolio transactions for the Fund.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

6. **RELATED PARTY TRANSACTIONS** (Continued...)

Management fees and performance fees are measured at the exchange amount of consideration prescribed by the offering documents of the Fund. When related parties enter unitholder transactions with the Fund, the exchange amount of consideration is the transactional NAV available to all other unitholders on the trade date. In the case of brokerage commissions, the exchange amount of consideration is that which is negotiated by the related parties.

7. **DISTRIBUTION POLICY**

The Fund intends to distribute all of its income for purposes of the Income Tax Act, including sufficient net realized capital gains (less applicable losses), on an annual basis, so that the Fund will not be liable for income tax. Distributions over the life of the Fund will be derived primarily from net realized capital gains and income from the Portfolio.

8. **INDEMNIFICATION OF THE MANAGER**

The Fund, pursuant to the Trust Agreement, will indemnify the Manager, its partners, directors, officers, employees and agents out of the Trust Property from all claims that may arise in connection with the exercise of its duties as Manager if they do not result from the Manager's willful misconduct, bad faith, gross negligence or reckless disregard of its duties, or breach of its obligations as manager under the Trust Agreement.

9. **RECONCILIATION OF NET ASSET VALUE - ADOPTION OF NEW ACCOUNTING POLICY - FINANCIAL INSTRUMENTS**

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the transactional net asset value ("NAV") and net assets calculated using Canadian generally accepted accounting principles ("GAAP NA") of an investment fund is required for financial reporting periods ending on or after October 31, 2007. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold) to be used in the fair valuation of investments, rather than the use of closing trade prices currently used for the purpose of determining transactional NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques (see note 2) rather than the use of valuation techniques in general practice in the investment funds industry.

These changes account for the difference between transactional NAV and GAAP NA. The impact of the adoption of Section 3855 on the net asset value of the Fund is as follows:

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

As at June 30, 2009

	<u>Net Asset Value</u>			<u>Net Assets per Unit</u>	
	Transactional NAV	Section 3855 Adjustment	GAAP NA	Transactional NAV	GAAP NA
Series A	\$ 57,789,378	\$ (398,939)	\$ 57,390,439	\$ 4.57	\$ 4.54
Series B	83,031,080	(572,906)	82,458,174	4.57	4.54
Series F	7,373,774	(50,946)	7,322,827	4.72	4.69
Total Net Asset Value	\$148,194,231	\$ (1,022,792)	\$147,171,440		

10. **FINANCIAL INSTRUMENTS**

The Fund's assets and liabilities classified in accordance with CICA Handbook Section 3855 are as follows:

As at June 30,

	2009	2008
Assets		
Held for trading	\$ 142,666,892	\$ 266,112,704
Cash and cash equivalents	9,523,258	8,235,898
Loans and receivables	<u>855,781</u>	<u>1,338,571</u>
Total Assets	<u>153,045,931</u>	<u>275,687,173</u>
Liabilities		
Held for trading	485,460	-
Other financial liabilities at amortized cost	<u>5,389,031</u>	<u>6,549,771</u>
Total liabilities	<u>5,874,491</u>	<u>6,549,771</u>
Net Assets	<u>\$ 147,171,440</u>	<u>\$ 269,137,402</u>

The Fund's financial instruments consist of investments at fair value, cash and cash equivalents, accounts receivable relating to units issued, amounts receivable relating to accrued income, obligations from portfolio assets sold short at fair value, accounts payable and accrued expenses, accounts payable relating to units redeemed and liabilities for portfolio assets purchased. It is the Manager's opinion that due to the short term nature of these financial instruments, the Fund is not exposed to significant market price, currency, interest rate, liquidity, cash flow and credit risks arising from these financial instruments except as described below. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

FRONT STREET GROWTH FUND
(Formerly Front Street Small Cap Canadian Fund)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

10. **FINANCIAL INSTRUMENTS** (Continued...)

Risk management

All securities present a risk of loss of capital. The Investment Advisor seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

The Fund's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The Statement of Investment Portfolio presents the securities held by the Fund as at June 30, 2009, and groups the securities by asset type, sector and/or market segment. Significant risks that are relevant to the Fund are discussed below.

The investment portfolio is comprised of primarily a diversified group of publicly traded companies, using a top-down/bottom-up approach to achieve capital appreciation, and to a lesser extent in equity securities of a diversified group of private companies. The Investment Advisor will maintain a mix of equities and cash that represents its view of the most optimal combination of these investments based on economic outlook, market conditions, and the relative value of these investments.

i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting similar financial instruments traded in the market.

The Fund is exposed to market price risk arising from its investments in securities. The Investment Advisor manages the Fund's market price risk on a daily basis in accordance with the Fund's investment objective and policies.

ii) Currency risk

The Fund may invest in financial instruments denominated in currencies other than its measurement currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the Fund's assets or liabilities denominated in currencies other than Canadian dollars, absent any changes in market price or investment specific events.

FRONT STREET GROWTH FUND
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

10. **FINANCIAL INSTRUMENTS** (Continued...)

ii) Currency risk (Continued...)

Included in the undernoted accounts are the following foreign currency balances:

Currency	Financial instruments	Cash	Foreign exchange contracts	Total	Percentage of GAAP NA
United States Dollars	-	(869,729)	-	(869,729)	-0.59%

iii) Interest rate risk

The Fund may invest in fixed and floating rate securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movement in the future. Interest payable on bank overdraft or broker margin account positions will be affected by fluctuations in interest rates. As at June 30, 2009, the Fund's investments are substantially non-interest bearing equity investments and its exposure to interest rate changes is minimal.

Country - Currency	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Canadian Dollar	-	-	137,861,432	137,861,432
Australian Dollar	-	-	4,320,000	4,320,000
Total	-	-	142,181,432	142,181,432

iv) Liquidity risk

Liquidity risk is the risk the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Unitholder redemption requests are the main liquidity risk for the Fund.

The Fund maintains sufficient cash and marketable securities, and manages liquidity risk through its ability to close out market positions.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

10. **FINANCIAL INSTRUMENTS** (Continued...)

iv) Liquidity risk (continued...)

	0-12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Held for Trading	-	-	-	-	142,666,892	142,666,892
Other receivables	1,732,426	-	-	-	-	1,732,426
Cash and cash equivalents	8,646,613	-	-	-	-	8,646,613
Total	10,379,039	-	-	-	142,666,892	153,045,931
Financial liabilities						
Held for Trading	-	-	-	-	586,547	586,547
Other financial liabilities	5,287,944	-	-	-	-	5,287,944
Total	5,287,944	-	-	-	586,547	5,874,491
GAAP NA						147,171,440

Certain of the Fund's investments are in private securities which are thinly traded. As at June 30, 2009, the fair value of such assets was 4.6% of the total net assets.

v) Cash flow risk

The risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the cash flows received or paid on the financial instrument, usually without a corresponding change in its fair value.

vi) Credit risk

The Fund is exposed to credit risk arising from its transactions with its counterparties and brokers, related to securities purchases and sales. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets which potentially expose the Fund to credit risk consist principally of investments in bonds, amounts due from brokers and derivatives. The Fund seeks to mitigate its exposure to credit risk by placing its cash, and transacting its securities activity with large financial institutions. The Fund may also invest in corporate bonds.

FRONT STREET GROWTH FUND
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

10. **FINANCIAL INSTRUMENTS** (Continued...)

vi) **Credit risk** (Continued...)

Until the bonds are sold or mature, the Fund is exposed to credit risk relating to whether the bond issuer will meet its obligations when they come due. The extent of the Fund's exposure to credit risk in respect of these financial assets is reflected in their carrying value as recorded in the Fund's Statement of Net Assets.

As at June 30, 2009 the Fund had no significant investments in long term debt instruments.

11. **FUTURES CONTRACTS**

The Fund has entered into a indexed commodity futures contracts on Natural Gas futures for speculative purposes. As at June 30, 2009, the Fund is committed to sell 96 contracts in aggregate, amounting to \$4,530,112, maturing on October 31, 2009.

The Fund had entered in a indexed commodity futures contracts on Natural Gas futures for speculative purposes. As at June 30, 2009, the Fund was committed to buy 26 contracts in aggregate, amounting to \$1,827,153, maturing on October 31, 2010.

The net unrealized losses from these futures contracts amounted to \$101,087 (unrealized gain 2008 - \$935,913) as at June 30, 2009.

The maximum exposure to loss resulting from potential future of adverse market conditions is \$2,702,959 (2008 - \$2,467,472).

12. **CAPITAL MANAGEMENT**

Manager considers the Fund's capital to consist of the issued units and the net assets attributable to participating unitholders.

The Investment Advisor manages the capital of the Fund in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's prospectus, while maintaining sufficient liquidity to meet participating unitholder redemptions. The Fund's overall strategy for managing capital remains unchanged from 2008.

The Fund does not have any externally imposed capital requirements.

13. **INCOME TAX LOSS CARRYFORWARD**

The Fund has \$7,481,144 in capital losses available to be applied against capital gains of future years. These losses do not expire.



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